

VZCZCXRO4822

PP RUEHAG RUEHAST RUEHBI RUEHCI RUEHDBU RUEHDF RUEHIK RUEHLH RUEHLN
RUEHLZ RUEHNEH RUEHPW RUEHROV RUEHSK RUEHSL RUEHSR RUEHVK RUEHYG
DE RUEHAH #1084 2430940
ZNR UUUUU ZZH
P 310940Z AUG 09
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 3368
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5598
RUEHBJ/AMEMBASSY BEIJING 3317
RUEHKO/AMEMBASSY TOKYO 3181
RUEHIT/AMCONSUL ISTANBUL 3841
RUCNDT/USMISSION USUN NEW YORK 1111
RHMCSUU/CDR USCENTCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 3846
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS ASHGABAT 001084

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB
COMMERCE FOR EHOUSE

E.O. 12958: N/A

TAGS: [PGOV](#) [EINV](#) [ECON](#) [ETRD](#) [TX](#)

SUBJECT: TURKMENISTAN: CHRYSLER DISTRIBUTOR TRIES TO RE-ENTER SUV
MARKET

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: Chrysler's official distributor in Central Asia, Saitco, hopes to reenter the Turkmen automobile market. In 2002, Saitco sold about 100 Dodge SUVs on contract through IPC Motors to the Turkmen Government. Seven years later, Saitco plans to deal directly with the Turkmen Government, instead of through a middleman, in order to sell SUVs in a growing Turkmen niche market. END SUMMARY.

13. (SBU) In 2002, Virginia-based Saitco managed to sell 100 vehicles, most of which were Dodge Durango SUVs, to the Turkmen Government through the Gibraltar registered IPC Motors Company. At that time, IPC was the sole supplier of cars to the Turkmen Government. Most of the Saitco SUVs went to state-owned oil and gas companies, which reserved those cars for their mid-level managers and field engineers. When the Dodge Durangos arrived in Ashgabat, they were the talk of the town. Their sheer size, power, and modern exteriors made them easy to spot.

14. (SBU) Unfortunately, admiration for the American SUVs turned to disappointment as some draw-backs were noticed. The automatic transmission, low ground clearance, and extended wheel base significantly limited the vehicles' off-road performance, and high fuel consumption made driving them in the city costly, even for oil and gas companies. But the most important reason the Durangos lost popularity in Ashgabat was the drawn-out process of supplying spare parts that Saitco had arranged through IPC Motors. Moreover, purchasing spare parts through IPC Motors was more expensive than ordering them from other vendors. As a result, most of 100 original Durangos are parked in government parking spaces and garages, rarely used.

15. (SBU) A Saitco representative told Embassy staff that the company will again try to sell cars to the Turkmen Government, particularly to the state-owned oil and gas companies as they are the only potential clients who could place a large order. The company representative also mentioned that Saitco will try to

establish direct contacts with the government without intermediaries. Embassy staff recommended that Saitco consider restoring the government's confidence by supplying spare parts for the original 100 Dodge Durangos that remain idle in Ashgabat.

16. (SBU) COMMENT: Saitco will face tough competition from existing suppliers of Toyota SUVs. If Saitco approaches the state oil and gas companies with a project aimed at repairing the previously delivered vehicles, there might be a chance that the companies will give Saitco a second chance. Since Russia stopped purchasing gas in April, state gas companies are looking for ways to cut expenses. Getting the Durangos back on the road at a limited cost might provide the Turkmen with an incentive to buy American once again.
END COMMENT.
MILES